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December 3, 2018

The Honorable Christopher M. Alston  
United States Bankruptcy Court  
700 Stewart Street #6301  
Seattle, WA 98101

Re: 16-11767-CMA, Northwest Territorial Mint

Dear Judge Alston,

There is something that I would like to add to my previous letter (docket 1940), to help "connect the dots".

On February 23, 2017, UCC co-chair Bill Hanson sent the 'Hanson/Pehl' letter<sup>1</sup> to Northrup stating **"Please treat this letter as a specific direction and authorization to you to immediately seek the replacement of Mr Calvert as Trustee"**, instructing Northrup to file the letter with the court if Northrup would not comply. **Bill Hanson's letter covered just one specific topic: the replacement of Calvert as Trustee, which all UCC members wanted<sup>2</sup>.**

I see no sign in expense reports that Northrup took either requested action. We do have one insight into Northrup's mindset, however. Less than 24 hours after the letter was sent to Northrup, he emailed Gearin and Calvert asking about some rumors, and refers to one UCC member that "apparently swallows this garbage" and that "the atmosphere is toxic."<sup>3</sup>

On March 11, 2017<sup>4</sup> (a Saturday), with Northrup not having taking steps to remove Calvert, Bill Hanson sends a follow-up email<sup>5</sup> to Northrup, asking him to deliver the letter to the court.

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<sup>1</sup> See Exhibit A. It is unclear why a creditor referred to it as the 'Hanson/Pehl' letter. It appears to have been sent just by Bill Hanson. I am using Bill's full name so as not to cause confusion with the unrelated Ross Hansen.

<sup>2</sup> The letter was sent by the UCC Co-Chair, and spoke on behalf of all members, saying "We have reached the conclusion that Mr Calvert must be replaced...". If the UCC Co-Chair spoke on behalf of himself rather than the UCC, wouldn't Gearin or Northrup have brought that up at the October 6, 2017 hearing? And wouldn't they have had Bill Hansen resign because of that? And why would Bill Hanson have Cc'd his March 11, 2017 follow-up to all UCC members?

<sup>3</sup> See Exhibit B.

<sup>4</sup> Docket 1405 page 3 shows the email from Bill Hansen to Northrup, which attaches a copy of the February 23 letter. The March 11, 2017 date is not listed on the email, but Northrup's expense application refers to a Hanson's "3/11 letter to the court" (see my Exhibit A). Neither Gearin nor Northrup have disputed the contents or timing of the follow-up email or letter.

<sup>5</sup> See Exhibit C

On March 14, 2017, it appears Northrup sent a copy of the letter to Gearin, who has "communications with M. Northrup regarding communications with committee including W. Hanson communications". Northrup reports on that same day a telephone conference with Gearin and Calvert "regarding disclosures and Committee resignation", an email to Bill Hanson regarding authorship of his letter<sup>6</sup>, and a call with Bill Hanson regarding disclosures and his resignation. This can all be seen in Exhibit D.

**On the very same day that Northrup informs Gearin that the UCC wants to remove Calvert, Northrup talks to Bill Hanson about his resignation, with Bill Hansen later claiming that Gearin threatened litigation<sup>7</sup> to force him to resign. Northrup did not comply with the letter<sup>8</sup>. Had Northrup complied (seeking Calvert's removal or filing a copy of Bill Hanson's letter), the issue of Calvert's incompetence would have come to light before NWTM's cash flow issues started<sup>9</sup>.**

Neither the letter nor the fact that Bill Hanson had resigned made it to court records at that time. On October 4, 2017, in docket 1230 (filed October 4, 2017), a creditor asked the Court to "Kindly review, comment and publish the 'HANSON/PEHL Letter.'" Your Honor asked about that letter at the October 6, 2017 hearing.

At the October 6, 2017 hearing, Gearin first addressed the letter, saying he had just a "vague recollection" of it<sup>10</sup>. Gearin started by discussing Ross Hansen, and how Ross Hansen's lawyers drew up a letter to go forward with "Ross Hansen's plan" and "I don't think it went anywhere<sup>11</sup>". Gearin then pointed out that Bill Hanson resigned from the UCC after sharing information with Ross Hansen, presumably to discredit him. **Gearin said the intent of the letter was to have UCC members "sign off on the letter", whereas the letter was a very clear instruction for Northrup to take action to remove Calvert or bring the letter to the attention of the court.** See Exhibit E for Gearin's portion of the hearing transcript.

Northrup was likewise given a chance to discuss the letter at the October 6, 2017 hearing. Like Gearin, he starts off topic, by discussing

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<sup>6</sup> In fairness, the February 23 letter looks like it came from an author other than Bill Hanson, and may well have been the brainchild of Ross Hansen. But does that matter, if this is how the UCC feels?

<sup>7</sup> This is a theme. I am aware of at least 5 people who feel that they have been threatened by the Gearin/Calvert team, most of whom feel afraid to speak up. We also saw how Calvert had K&L Gates send a cease and desist letter to Brenda Johnson (docket 1915 page 3), but not to Paul Wagner. We also saw how K&L Gates sued ARM for backing out of a \$175K deal, but not Gary Anderson for backing out of signed \$10M deal.

<sup>8</sup> I have no idea if there were legal reasons that prevented him from doing so. If so, however, he neglected to mention them at the October 6, 2017 hearing.

<sup>9</sup> Calvert made it clear that cash flow issues started in April, 2016. See e.g. docket 1229, and the subsequent hearing.

<sup>10</sup> Which seems odd to me, as this letter was critical to Gearin: if Northrup did as asked, then Gearin's client, and by extension Gearin, stood to lose a lot of billable hours.

<sup>11</sup> Why didn't he just say "it didn't go anywhere"? Why the "I think"? Did Gearin really think on that date that there was a chance that Ross Hansen was running the company, or that Calvert was removed? Obviously, he knew the letter didn't go anywhere.

issues with the creditor who requested that the letter be published. He mentions that some UCC members have a strong view of Calvert, and how Ross Hansen tried influencing UCC members with false rumors. **Northrup then echoes Gearin by saying the letter was "an attempt by [Ross Hansen]... to get an alternate plan for the case to the committee so the committee could support it."** He ends his discussion by saying **"the communications contain, again, criticisms, characterizations of the case that were just absolutely incorrect."** Again, the letter did not mention any plans, and I do not see any significantly inaccurate information in it. The letter was specifically instructing Northrup to remove Calvert. See Exhibit F for the transcript.

My guess is that Gearin and Northrup will respond saying that there were other emails with criticisms and incorrect characterizations. However, the letter in question was clearly the February 23, 2017 letter. Did Gearin and Northrup really **both** confuse an email serious enough to purportedly caused Gearin to threaten Bill Hanson to resign from the UCC with an email about rumors?

To me, it seems clear that at the October 6, 2017 hearing, both Gearin and Northrup acted in concert in an attempt to completely obfuscate the intent of a critical letter (seeking the removal of Calvert). At this hearing, Calvert stated NWTM had a value of about \$10M. Just under twelve weeks later, NWTM was shut down, with the President taking over the China business worth \$4M+ and stealing the Amazon account<sup>12</sup>.

Sincerely,

Joshua Gibbons

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<sup>12</sup> Since my letter last week, I have discovered that in addition to Sierra Mint taking over the NWTM Amazon seller account, Sierra Mint has also created their own Amazon seller account (at <https://www.amazon.com/s?marketplaceID=ATVPDKIKX0DER&merchant=A2NEB3OIS4JQI7>). They are selling 17 products, all NWTM designs, with about \$20,000 retail value of product stored at Amazon. Where did this come from?

**Exhibit A** - February 23, 2017 'Hanson/Pehl' letter from UCC Co-Chair to Northrup, from docket 1405]

On Feb 23, 2017 3:18 PM, "Bill Hanson"  
<bill.beach101@gmail.com> wrote:

MR MARK. NORTHRUP  
MILLER NASH GRAHAM AND DUNN. LLP  
2801. ALASKA. WAY. #300  
PIER 70  
SEATTLE, WA. 98121

RE: Replacement of Mark Calvert as Trustee for Northwest  
Territorial Mint

Dear Mr. Northrup:

We are members of the Unsecured Creditors Committee ("Committee") which has been represented since its creation by your firm and you. During this representation, we have stood by while Mr Calvert failed to meet any of the important economic and legal targets he identified as important in his discussions with

us; we watched while your firm and K&L Gates and Mr Calvert have allowed the estate to become administratively insolvent, and run up debts that can never be paid to its professionals that approach \$3,000,000. To our knowledge, Committee's counsel has not informed the court of the financial situation of the estate. The company continues to operate at a loss and its value has dramatically decreased since the Chapter 11 filing.

We have reached the conclusion that Mr Calvert must be replaced as Trustee for the Mint. Please treat this letter as a specific direction and authorization to you to immediately seek the replacement of Mr Calvert as Trustee. If you refuse to proceed as directed and to formally seek the removal of Mr Calvert, please file this letter with the court and indicate by email to each committee member that you have done so no later than February 28, 2017.

We are very sorry that this situation exists, but we believe we owe a fiduciary duty to all creditors to alert them to the manner in which this estate has been administered and the dire economic

straits that have resulted from the conduct of Mr Calvert and other professionals, realizing that it is our obligation to do our best to save the company and achieve some recovery for the creditors. Alternatives exist which will serve the Unsecured Creditors better than they are being served presently.

William L. Hanson  
Co-Chair, Unsecured Creditors Committee.  
Northwest Territorial Mint

Sent from my iPad

**Exhibit B** - February 24, 2017 'toxic' email from Northrup to Calvert/Gearin.

**From:** Northrup, Mark D. [mailto:Mark.Northrup@millernash.com]

**Sent:** Friday, February 24, 2017 1:26 PM

**To:** Mark Calvert <mark@cascadecapitalgroup.com>; Gearin, Mike <Mike.Gearin@klgates.com>

**Subject:** RE: Case Rumors

Petteys and Clappellone have advised me this morning that rumors among creditors and the Committee have reached an apparent fever pitch (behind my back and without my knowledge), ostensibly propagated by Ross Hansen but received with some credibility by some other creditors:

1. \$1 million in gold came to the Mint from Switzerland shortly before or after Mark C. was appointed. Ross claims to have pictures and serial numbers. What happened to this gold? Did Mark C. sell or dispose of it?
2. After he was appointed, Mark C. "fire saled" coins and other items at Auburn at substantially discounted prices to coin dealers and others.
3. What happened to the spectrometer that I have previously asked about? This is a very hot button issue and I need to address it with the Committee. Dick Pehl thinks it was worth tens of thousands of dollars but was sold for \$3,000. He claims to have spoken to the guy who purchased it.
4. FBI has told Bucknell that they are not indicting Ross or Diane but that they are investigating Mark C.'s conduct as trustee (III).
5. The estate is completely broke and at the March 1 status conference, the court is going to convert (or consider converting) the case to a Chapter 7.

There is at least one Committee member who apparently swallows this garbage and is advocating for trying to do a deal with Ross. The atmosphere is toxic. Please give me a response on items 1-3. Thanks.

**Mark D. Northrup**

Partner

**Exhibit C** - March 11, 2017 follow-up email from UCC Co-Chair to Northrup,  
from docket 1405]

**To:** Northrup, Mark D.

**Cc:** paulapehl@yahoo.com; Larry Chiappellone; dickpehl@yahoo.com;

David Petteys

**Subject:** Up coming letter to the you and the court.

**Mark,**

I am sending to you, under a separate mailing, a letter expressing the committee's dissatisfaction with Mr. Calvert. We cannot let this go ignored any longer. Almost all the committee members agree with me and it would have come up for a vote at the last committee call but you told us that Mr Calvert would never be replaced. We still need to show our dissatisfaction with him. He works independently of the committee and cares not what we think. You have reminded us several times that he does not need any opinion or approval from the committee for his actions. We have seen no indication that he is interested in any recovery for the creditors, and recovery is the obligation of the Unsecured Creditors Committee.

I expect you to deliver this letter, and perhaps this cover letter to the court tomorrow. If that does not happen, a similar letter will be written about you. I would like a confirmation of this delivery to be made to me and the committee.

Thank you in advance. Bill Hanson

**Exhibit D** - Various expense report entries, from docket 1929-2 pages 474 and 492, and docket 1931 page 19.

March 14, 2017      Gearin      "Communications with M. Northrup regarding communications with committee including W. Hanson communications"

March 14, 2017      Gearin      "Calls with Trustee regarding multiple case issues including Beckman sale, committee communications and business operations matters"

March 14, 2017      Northrup      "Telephone conference with Bill Hanson regarding disclosures and Committee resignation (0.7)"

March 14, 2017      Northrup      "Email correspondence and telephone conference with Mark Calvert and Michael Gearin regarding disclosures and Committee resignation (0.6)"

March 14, 2017      Northrup      "Email correspondence with Bill Hanson regarding authorship of draft 3/11 letter to court (0.5)"

**Judge Alston:** Where there were two. One is do you know about this letter that Mr. Martini references in his ...

**Mr. Gearin:** I think, I think I do Your Honor and I think it's, um, maybe something Mr. Northrup could talk about. Um, what I recall is ...

**Judge Alston:** I guess have you seen it?

**Mr. Gearin:** I have, I think, I believe I have. I did not go back and look through my records but I have a vague recollection. And what I'll tell you is that, um, I \_\_\_\_\_ the timeframe but I think it was earlier this. Mr. Hansen approached the creditors committee and tried...

**Judge Alston:** ...and I'm going to interrupt you, make sure, because there are two people named Hansen, there's Ross Hansen former CEO and Owner and another Hanson, H-A-N-S-O-N, who was on the committee and Mr. Martini's letter spelled Hanson, H-A-N-S-O-N, Pehl Letter, so please make sure we're clear which Hanson you're talking about.

**Mr. Gearin:** Good, good point. Alright. So, Ross Hansen, the former principal of the debtor approached the committee and sought to present a plan to the committee and I think he also met with Mr. Martini at some point, trying to get Mr. Martini to support his plan. His, um, view of the world. And as I recall, Mr. Ross Hansen's lawyers drafted a letter that was presented the creditors committee through Bill Hanson who then was the chair of the creditors committee. Bill Hanson who has been sharing information with Ross Hansen throughout the course of the case and has subsequently resigned from the committee, um, presented that letter and sought to have some of the creditors committee members sign off on the letter and the gist of the letter was they wanted to go forward with Mr. Ross Hansen's plan and they wanted to have Mr. Calvert removed as the Trustee. That's the gist of the letter. So, that's what I recall about it. I don't think it went anywhere. I think the rest of the creditors committee, you can speak with Mr. Northrup..

**Judge Alston:** Right, I'll hear from Mr. Northrup on that.

**Mr. Gearin:** Okay, but I think that's the gist of that letter.



**Mr. Northrup:** Yeah, um. With respect to the Luc Martini letter, um, I have some sympathy for Mr. Martini. I spoke with him frequently by phone at the beginning of the case. I think he is in poor health and has some curious ideas about the legal process and claims that are not legally substantiateable. But this reference in his letter to the Hanson Pehl letter, um, I believe, I can't say this for certain, but I believe it does refer to a communication that came to me in March of this year. The reference to Pehl is to Richard and Paula Pehl who are husband and wife and have been very, very active as committee members. You would think that this would be an easy engagement for committee counsel. The Court has appointed the Trustee, the Court has removed the problem prior owner of the company, and there's not even a big secured creditor in the case to fight with.

**Judge Alston:** And yet...

**Mr. Northrup:** And yet, and yet..

**Judge Alston:** I recognize...

**Mr. Northrup:** The committee, the committee has been a challenge. There are some committee members who have very strong views. And some of them frankly have been very critical of the Trustee. That to some extent is reflected in the areas of concern that I outlined in my response to the fee applications. But one of the undercurrents of this case has been that Ross Hansen has attempted to identify committee members or unsecured creditors who will pay attention to him and people he thinks he can influence and this letter, I believe, was part of that product. Ross Hansen would contact Bill Hanson and other creditors and fill the atmosphere with allegations and claims about this case and what the Trustee was doing and how at the very next hearing the judge was going to convert case sua sponte. Things that were absolutely preposterously inaccurate and false. But whenever Ross Hansen could find someone he thought he might be able to sell his message to, this message of this case was collapsing and any day now the Trustee would be removed. Again, preposterously inaccurate but this letter I think was an attempt by him through Bill Hanson on the committee to get an alternate plan for the case to the committee so the committee could support it. And again Ross Hansen's ultimate strategy, I believe, was that he somehow would be brought back in to run the business. I think that was his ultimate goal. And this letter was part of that. But the communications contain, again, criticisms, characterizations of the case that were just absolutely incorrect.

**Judge Alston:** Alright. Well, I don't need to see the letter. I did want to, given that it was stated in Mr. Martini's response, I felt obligated to ask about it and you've satisfied me as to what its contents are.